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SUBJECT: Guangzhou CCPIT Told by Beijing to Increase U.S. Exports to China

REF: Guangzhou 31300

(U) This message is sensitive but unclassified. Please handle accordingly.

¶1. (SBU) SUMMARY AND COMMENT: In a December 11 meeting with the Foreign Commercial Service section, the President of the Guangzhou office of the China Council for the Promotion of International Trade (CCPIT) said that he had been ordered by Beijing to formulate a plan, due on the first week of January 2007, to increase domestic purchases of U.S. goods. This initiative seems to be national in scope and suggests China is seeking ways to reduce China its trade surplus with the United States. END SUMMARY AND COMMENT.

Under Orders to Increase U.S. Imports

¶2. (SBU) Guangzhou CCPIT President Weng Wenxiang - accompanied by 15 representatives from companies, industry associations, and the city government in environmental, energy, logistics, high-tech, medicine, garment, and textile industries - told FCS December 11 that he had ordered by his CCPIT superiors to increase exports from the United States to Guangzhou. The central government has informed local CCPITs that the current U.S.-China trade imbalance is "not acceptable." Weng added that he has been told to submit a report to Beijing during the first week of January 2007 detailing specific steps taken by his office to increase U.S. exports. The October decision by the central government to change the name of the Canton Export Commodities Fair to the Canton Import and Export Commodities Fair was part of this initiative (reftel).

What Chinese Industry Wants

¶3. (SBU) Specifically, Chinese industry is asking for the following:

- A representative from a local garment industry association said Chinese garment manufacturers are trying to upgrade their operations and raise industry standards; an increase in high-end U.S. clothing available in China would assist in this transition.
- A representative from a textile industry association expressed interest in purchasing manufacturing machinery from the United States.
- A medical industry representative told us that U.S. companies can help China upgrade its health care system, particularly with the growth of specialty hospitals.

¶4. (SBU) Post's FCS officer encouraged the representatives to contact U.S. industry associations and utilize the Department of Commerce's Trade Leads bulletin board network to locate U.S.

suppliers. Some of the representatives will return to FCS during the week of December 18 for one-on-one discussions.

Xiamen CCPIT Office Has Similar Effort

15. (SBU) Representatives from the Xiamen CCPIT informed FCS in late November that they sought to locate between USD 5 million and USD 10 million of U.S. fruit and wine for purchase by domestic buyers. During discussions with FCS and Foreign Agricultural Service (FAS) officers, the representatives said the central-level CCPIT had ordered the initiative.

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